(c) to (e) IRDA is in the process of notifying the separate regulations defining "micro-insurance products", micro-insurance agents" and to address the issue of waiver of certain pre-requisites for license to micro-insurance agents. These regulations are in the draft stage. Once these regulations are notified, the insurance coverage under micro-insurance would commence.

Use of Forex Reserve for Creation of Infrastructure

3485. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to utilise a portion of forex reserve for creation of infrastructure;

(b) if so, the details thereof;

(c) whether it is also a fact that IMF Chief is not in favour of such a proposal:

(d) if so, the reasons therefor; and

(e) the final decision taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No such decision has yet been taken.

(b) Does not arise.

(c) and (d) the IMF supported Government of India's emphasis on infrastructure but has expressed concern over the use of foreign exchange reserve for this purpose as it may have undesirable macro-economic repercussions.

(e) As at (a) above.

Implementation of VAT

3486. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that VAT has been implemented *w.e.f.* 1st April, 2005 but the concerned State Governments have not issued notification to that effect before the crucial date;

(b) if so, the details thereof and the reasons therefor; and

(c) whether VAT will be implemented by different State retrospectively?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) 20 States/Union Territories have implemented VAT with effect from 1st April, 2005. In addition, State of Haryana implemented VAT System with effect from 1st April, 2003. All the 20 States/UTs which have implemented VAT with effect from 1st April, 2005 have issued the necessary notifications to that effect. However, States which have not yet implemented VAT have not issued the required notifications. No information is available with the Central Government on implementation of VAT by different States retrospectively.

Waiver of interest on agricultural loan

3487. SHRI N. R. GOVINDRAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have any proposal to waiver interest on agricultural loan and covert it into long term loan to help out the drought hit farmers in various States in the country; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir. Government had, however extended relief to the farmers affected by drought during kharif 2002 by conversion of short term crop loan into medium term loans repayable within a period of 5 years in the case of small farmers and 4 years in the case of other farmers. Besides, the interest on crop loans were also deferred and rescheduled in such a way that 20% of the deferred interest fell due in the first year. Government agreed to bear the first installment of the rescheduled interest *i.e.* 20% of the deferred interest.

Subsequently, on 18th June, 2004, Government announced a package to enhance the flow of credit to agriculture. The package includes a scheme for assisting farmers in distress in terms of which interest as on 31.03.2004 is clubbed with the principal amount and rescheduled for a period of 5 years (including moratorium period of two years). Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) have issued circular to banks in this regard.